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FINAL REPORT  
OF  
PREMIER'S COMMITTEE  
ON  
CONSUMER CREDIT



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FINAL REPORT OF PREMIER'S COMMITTEE ON  
CONSUMER CREDIT

INTRODUCTION:

In June of 1964 a Committee was called together for the purpose of advising the Premier as to the advisability and desirability of alterations in the law and recommended changes in business practice in the field of consumer credit, with a view to providing the best possible protection for consumers, while at the same time allowing the credit granting industry to function effectively.

On June 29th, 1964 the Committee came into existence. Initially the Committee consisted of persons directly involved in the credit granting industry, but the original Committee was extended to include other interested persons, including, as an example, Dean G. P. R. Tallin, who was at the time involved in a Royal Commission studying credit practices in the area of Real Property Mortgage Loan Transactions.

The original Committee did however consist, in the main, of persons in the credit granting industry. While serving on the Premier's Committee, these individuals acted, not as representatives of the companies with which they were associated, but rather as individuals familiar with the credit granting industry and the problems associated with the industry.

During the Summer of 1964 the Committee sub-divided into four sub-committees, each of which concentrated on a particular area of the credit granting industry. During the Summer and Fall of 1964 each sub-committee made a study of the particular branch of the industry with which it was mainly concerned. In the late Fall of 1964 the reports of the four sub-committees were gathered together and consolidated into the first interim report of the Premier's Committee on Consumer Credit.

A further sub-committee was then struck off, consisting of persons who, in the main, represent consumer organizations. This sub-committee brought forward a second interim report in February of 1965. In effect, the first interim report represented the thinking of persons associated with the credit granting industry, whereas the second interim report represented the views of persons associated with consumer organizations. This final report attempts to bring together the thinking of both groups.

It will be obvious that there is a very wide area of agreement in the two interim reports, but there are also some smaller areas of disagreement. This report will not attempt to draw any conclusions, but rather will attempt to set forth the areas where agreement exists, and the areas where there is division of opinion.

Because the sub-committee consisting of persons representing consumer organizations made its study after the first interim report, the second interim report touches upon some subjects which had not been dealt with in the first interim report. Undoubtedly, had those persons associated with the credit granting industry concerned themselves with these additional matters, there would have been a large measure of agreement with respect to the additional matters considered in the second interim report. However, for the purposes of this final report, the subject matter will be divided into three areas:

1. Matters upon which there is agreement between persons in the credit granting industry and persons connected with consumer organizations.
2. Matters upon which there is a disagreement in opinion.
3. Matters considered by the sub-committee consisting of persons representing consumer organizations, but not considered by the sub-committees consisting of persons in the credit granting field. These are matters which persons in the credit granting field might well have agreed with had consideration been given to these subject matters by their sub-committees.

In some cases, the following material will be a re-statement of what has appeared in the previous interim reports.

1. Matters where there is common agreement within the entire Committee on Consumer Credit

(a) Code of Ethics:

Within any industry one will find persons who practise business on an unscrupulous and unethical basis and the credit granting industry is in no different position than any other industry in this respect. The credit granting industry however recognizes the need and desirability of practising their particular business on an ethical basis and responsible credit grantors would welcome a Code of Ethics for the industry. Consumer Organizations would also welcome the establishment of a Code of Ethics to be followed by responsible credit grantors.

The credit granting industry covers a wide territory. Basically, the credit granting industry can be divided into three main segments:- The retailer who extends credit to a customer on the purchase of goods, loan credit such as is obtained from a finance company, and mortgage credit where the loan is secured on real property.

It is difficult to establish a Code of Ethics which would be meaningful to each of the three major areas in the credit granting industry. Consequently, it is recommended that a general Code of Ethics covering all three branches of the credit granting industry be adopted, and further that each area of the industry have its own particular Code of Ethics covering that particular branch of the industry. A suggested general Code of Ethics is attached hereto as Appendix "A", to this report, and attached hereto as Appendix "B" to this report is a suggested Code of Ethics for a particular area of the credit granting field, namely the area of mortgage loan transactions. In the end result it is envisaged that each person or company in the credit granting industry would subscribe to two Codes of Ethics; - the general Code of Ethics to be adopted by all credit grantors, and a particular Code of Ethics to be adopted by that area of the industry to which the particular person or company belongs. It is suggested that the Provincial Secretary call together the member firms and associations of the various sectors of the credit granting and retailing industry in order to adopt a general Code of Ethics similar to that contained in Appendix "A", and at the same time that particular Codes of Ethics covering the three major areas in the credit granting field be drawn up, similar in nature to the example contained in Appendix "B".

It is recognized that adopting a Code of Ethics will not prevent unethical practice in the future, but at least the public would be able to ascertain whether



the person or company the public is dealing with has subscribed to the Code of Ethics. A company in the credit granting field might advertise the fact that it has subscribed to the Code of Ethics, and at least in this negative way the general public would be aware of firms that refuse to subscribe to a Code of Ethics which the industry as a whole considers fair and reasonable.

It is also envisaged that where a credit grantor who purports to subscribe to a Code of Ethics deviates from that Code of Ethics, there must be an effective mechanism for bringing such a deviation to the attention of the general public. A Code of Ethics will not be meaningful if credit grantors can subscribe to the Code of Ethics but violate its terms with impunity.

(b) Self Policing of Credit Granting Industry:

If a Code of Ethics is to be meaningful there must be some mechanism for policing the industry to determine whether credit grantors are deviating from the Code of Ethics to which they have subscribed, and also to provide the public with information as to those firms which have refused to subscribe or adhere to a Code of Ethics.

There are two methods of policing the credit granting industry. One such method is a self-policing of the industry by representatives of the industry itself. The other is for the Provincial Government to actively engage itself in the policing of the industry.

The first interim report, drawn by individuals in the credit granting industry, recommended a grievance committee for self-policing within the industry. The second interim report representing the views of persons associated with consumer organizations, welcomed self-policing within the industry, but expressed the view that self-policing within the industry should be supplemented by some governmental control as well.

Since there is a common area of agreement that self-policing within the industry would be beneficial, the suggestions as to self-policing are contained in this area of the report, and the suggestions for some governmental control will be considered separately in Part III of the report.

It is suggested that within the credit granting industry a grievance committee be established. It is recommended that the grievance committee consist of thirty persons employed in various areas in the credit granting industry including representatives from the rural areas of Manitoba. It is recommended that this grievance committee be empowered to hear and deal with complaints by members of the public. Where a member of the public has a valid complaint it would be the responsibility of the grievance committee to endeavour to bring about a solution to the complaint by dealing directly with the credit grantor against whom the complaint is raised. The grievance committee would keep records which would be available to the public, with respect to those persons or companies in the credit granting industry against whom valid complaints have been raised, and those persons or companies who have not cooperated in finding solutions to such complaints.

It is recognized that a grievance committee within the industry can only be effective if the public have easy access to the committee. This poses a particular problem to residents outside of Metropolitan Winnipeg. The credit granting industry suggests that in order to overcome the difficulties that people in Rural Manitoba might have in bringing a complaint before the grievance committee, it is recommended that the operation of the Better Business Bureau of

Metropolitan Winnipeg be extended, and that in future it be known as the Better Business Bureau of Manitoba, and that the Better Business Bureau of Manitoba serve as the medium through which complaints of residents of Rural Manitoba might find their way to the grievance committee. It is also envisaged that the grievance committee could and would perform a valuable function in terms of public education. At the present time there are a number of agencies where a member of the public at large may obtain information as to the availability of credit and the wisdom of making use of credit for the particular person involved. The Better Business Bureau of Greater Winnipeg, and the Family Bureau of Greater Winnipeg, to mention only two, provides service of this nature. It is not anticipated that the grievance committee would replace existing facilities whereby members of the public at large can obtain information as to credit. However, the grievance committee could perform the additional function of giving information and advice to the public at large on the availability of credit, and the wisdom of making use of credit having regard to the circumstances of the individual and the credit terms available for that individual.

(c) Credit Education and Information:

The abuses which take place within the credit granting industry could be prevented, in large measure, if those within the credit granting industry, and if the public at large, were better informed as to the proper use of credit.

Upon the adoption of a Code of Ethics for the industry, and for the particular branches of the industry, it will be necessary that the persons and companies in the industry inform their employees of the Code of Ethics, and insure that the Code of Ethics is followed by their employee in the conduct of the business.

It was found however that persons and companies within the credit granting industry already have a reasonable program for the training of employees who will be working in the credit granting field. It was found that:-

(i) Most of the larger finance, loan and other institutions in the credit granting industry provide a considerable amount of "on the job" training for their employees.

(ii) The Credit Grantors Association through their regular meetings, courses, and seminars on consumer credit, provide considerable instruction to their members.

(iii) The Canadian Credit Men's Association, through their regular meetings and seminars, provide considerable instruction to their members who are employed in industrial and commercial credit granting.

(iv) The Canadian Credit Institute provides a three year course in credit management through the extension department of the University of Toronto which covers the entire field of credit granting and is available to anyone interested in extending his knowledge in this field.

(v) The Federal Department of Trade and Commerce provides the small businessman some direction on the subject in its booklet "How to Run a Business".

(vi) There are other courses of a correspondence school type conducted by organizations such as Dun & Bradstreet and International Correspondence Schools. There is presently available good and sufficient sources of credit education available to persons employed in the credit granting industry, and



what is required is not further means of educating the employee in the credit granting field, but rather greater encouragement on the part of employers to see that their employees make use of the existing facilities. It is however recommended that a directory of the established courses in the credit field be created, and circulated to credit grantors at appropriate times, in the hopes that it will encourage greater participation in these avenues of further education.

There is a very definite need for an improvement in the education of the general public in the proper use of their personal credit privileges. It has been ascertained that at the present time a considerable amount of work is being done to provide teenagers, and young men and women, with a reasonable background on the proper use of credit. This is being done in the following manner:

(a) High Schools;- The general course covers considerable information in Grade Eleven and Grade Twelve under course titles of "Family Finance" and credit dealt with in the Home Economics Course, and the Grade Nine course in Home Economics starts explaining the functions of credit.

(b) Night Schools;- In the City of Winnipeg, night schools offer the same courses as the day schools, and in addition, it was ascertained that a course on the particular subject of credit could be developed for night school if the subject had sufficient appeal to the public to warrant its developments.

(c) University of Manitoba;- The University of Manitoba School of Home Economics provides a course on "The Family" which deals in part with the proper use of credit. The Faculty of Agriculture provides a course on Farm Management which deals extensively with the proper use of credit for people engaged in the Agricultural Industry and the Department of Agriculture has prepared a booklet on the subject.

It must be recognized however that the available means of public education is extremely limited, and in many cases, it is not available to members of the public who require such information the most. In order to expand public education on the proper use of credit, it is recommended:-

(a) That the credit granting industry establish a panel of competent speakers prepared to deal with the proper use of credit and available to speak to gatherings such as Home and School Association Meetings, Service Clubs, Church Groups, Women's Institutes, and the like. It is further recommended that the Government of Manitoba absorb the necessary out-of-pocket expenses involved in providing speakers to any speaking engagement outside of Greater Winnipeg.

(b) That arrangements be made to mail out small pamphlets or "stuffers" along with the various utility bills which are sent out to members of the public by the Manitoba Telephone System, the Manitoba Hydro, and Winnipeg Hydro and that these pamphlets cover items of general interest concerning the proper use of various forms of consumer credit.

(c) That retail merchants and finance and loan companies include pertinent information on good credit practices along with statements and receipts sent to their customers and in their advertising.

(d) That The National Film Board of Canada be requested to give consideration to the development of proper film strips which might be used in schools and at public meetings, illustrating proper and improper use of credit.

(e) That the Department of Education of the Province of Manitoba be

requested to give consideration to developing the subject of the proper use of credit in the Manitoba High School curriculum. (In Alberta several hours study is spent in their social study course with a specially prepared text "Consumer Education" by N. E. Brown and published by McMillan & Company.)

(f) That the Faculty of Agriculture of the University of Manitoba be encouraged to expand their course material on the proper use of credit.

(g) That a committee made up of persons engaged in the credit granting industry be formulated for the purpose of furthering public education in the field of the proper use of credit along the lines set forth above.

(d) Collection Agencies:

It is recommended that persons and companies engaged in the business of a collection agency should be licensed and bonded, and that legislation be brought forward to that effect. Such legislation already is in existence in many other provinces of Canada. It is recommended that the bonding of collection agencies should protect not merely the creditor, but also the debtor. That is to say, where a collection agency purports to represent a creditor, and thereby obtains a payment on account of the debt from the debtor, the bond should be sufficient to protect the debtor, in a case where it subsequently turns out that the collection company had no authority in fact to collect the debt on behalf of the creditor. It is only if the bond is so formed that there will be 100% assurance that the debtor will in fact be credited with a payment on account by making his payment to the collection agency.

(e) Off-premises Sales:

It is recommended that where goods are sold off premises, that the purchaser of such goods whether purchased for cash or on credit, be given, by statute, a period of time in which the purchaser might decide to revoke the contract.

It should be noted that the sub-committee on which representatives of consumer organizations were represented, recommended that the allotted time in which revocation might be made, should be a minimum of three clear days. The persons having a background in the credit granting industry recommended two clear days.

In addition, the sub-committee consisting of persons having an interest in consumer organizations, recommended that where an off-premises sale takes place and the said sale is evidenced by a contract in writing, the right to revoke within the allotted period of time should be published clearly on the face of the written contract. In addition, the place to which notice of the desire to revoke the contract is to be sent, should also be printed clearly on the contract. The amendment of law relating to hire-purchase and credit sale in England and Wales, enacted in 1964, is commended to the Government as the possible basis for establishing the procedure to be followed in this respect.

(f) Licensing and Bonding of Off-premises Salesmen:

It is recommended that persons engaged in door-to-door selling or off-premises sales should be licensed and bonded.



(g) Right of Re-possession under Chattel Mortgage or Conditional Sale Contract:

At the present time, where a person defaults under a Conditional Sale or Chattel Mortgage, the person or company holding the Conditional Sale Contract or Chattel Mortgage has the right to sue for the balance owing under the Conditional Sale Contract or Chattel Mortgage, and the right to re-possess the chattels. These rights are concurrent rather than alternative. It is recommended that these be made alternative remedies rather than concurrent remedies. An example of legislation of this kind is to be found in the Conditional Sales Act of Alberta, Section 19.

The object of legislation making the remedies alternative rather than cumulative, would be defeated if the holder of a Promissory Note taken in security for a Chattel Mortgage or Conditional Sale Contract, could both seize the property covered under the contract and sue upon the Note. The legislation therefore must be framed in such a way that it takes into account the possibility that under existing law, the holder of a Promissory Note given in security for a Chattel Mortgage or Conditional Sale Contract, could be a different person than the person exercising rights under the Conditional Sale Contract or Chattel Mortgage. It may be that the form of the Conditional Sale Contract or Chattel Mortgage would have to include the promise to repay, and that no other security in the form of a Promissory Note would be allowable.

(h) Rights of Assignees of Chattel Mortgages and Conditional Sale Contracts:

Under the prevailing law (including "The Unconscionable Transactions Relief Act") a creditor may make an unconscionable transaction with a debtor, or even a fraudulent transaction with a debtor, and may then assign his rights under a contract, whether it be a Conditional Sale Contract or a Chattel Mortgage or a Real Property Mortgage, to a person who purchases for value and without notice of any defect in the contract. The unconscionable nature of the transaction, or the fraud, is no answer to the purchaser for value without notice of the defect. It is recommended that the law be altered so that the purchaser of such security, accept the security subject to the same defect as would have been applied against the original holder of the security;- just as though no assignment had taken place.

(i) "Pro-rating" of Debts:

At the present time there are a number of persons and companies operating in the business of "pro-rating" personal debt. In other words, when a person finds that he is unable to meet his obligations to creditors, the person may approach such a company, and for a fee the company will undertake to make a settlement of debts with the creditors. Needless to say, the person and companies concerned operate under a contract under which they receive a fee for this service, and this fee takes priority over the already existing claims of creditors.

It is recommended that persons and companies in this business should be licensed and bonded.

(j) Orderly Payment of Debts' Act:

The function of "pro-rators" would become largely unnecessary if Manitoba had an Orderly Payment of Debts' Act. Some of the abuses which have arisen in the past as a result of the activities of professional "pro-rators" would be overcome by such legislation. It is recommended therefore that the Provincial Government urge the Federal Government to amend the Bankruptcy Act of Canada so as to enable the Provincial Government to operate an Orderly Payment of Debts Act.

It should also be noted that the use of trustees acting under personal bankruptcy proceedings, who are granted a fee for this service and then often do not carry out the orderly payments, would also be eliminated by an Orderly Payment of Debts' Act in Manitoba. The present situation is unsatisfactory both from the standpoint of creditors and the debtor himself.

(k) Consolidation of Legislation:

It is recommended that the necessary legislation to implement the recommendations of this report be brought forward and that such legislation be consolidated with other existing legislation with respect to commercial practices, seizures, garnishment proceedings, disclosure of finance charges, and the like, and that, if possible, all these areas be covered in one comprehensive act.

(l) Finance Charges:

There is unanimous agreement within the committee in favour of full disclosure of finance charges in an effective and understandable manner. There is no such unanimity on the question as to what constitutes full disclosure in an effective and understandable manner. This question will therefore be dealt with in the next portion of this report.

2. Matters upon which there is disagreement.

(a) As noted previously, while there is unanimity that finance charges should be expressed in an effective and understandable manner, there is some disagreement as to what constitutes full disclosure in an effective and understandable way. The sub-committee consisting of persons representing consumer organizations strongly urge the disclosure of financial charges in terms of interest. It is suggested that consumers have no basis for proper comparison as to finance charges unless the finance charges be stated in terms of a measurement which is understandable to the consumer and which allows him to make effective comparisons on the cost of obtaining credit. It is recognized that in the area of retail credit, the cost of providing credit is bound to be proportionately higher than on a large real property mortgage transaction, and consequently, higher interest rates are to be anticipated for this type of transaction. But whether the consumer is borrowing \$100,000.00 or \$10.00, the cost of his obtaining credit should be stated in a common method; - in terms of interest rate. Needless to say, if credit grantors also wish to disclose finance charges in terms of dollars and cents, this would be acceptable, as a supplement to the declaration of finance charges in terms of interest, but it should not be regarded as an alternative method of disclosure.



The sub-committee consisting of persons coming from the credit granting industry took a somewhat different view. It is suggested that it is difficult to arrive at an overall policy on a common means of disclosure. Disclosure in terms of interest rate may be preferable with respect to real property mortgage loan transactions (and this indeed has been urged by the Royal Commission on real property loan transactions). But for small loans, and even more so with respect to relatively small retail purchasers on revolving credit, disclosure in terms of dollars and cents may be equally suitable. In addition, it is suggested that there are difficulties in computing interest, especially with respect to revolving credit accounts.

These two viewpoints were not resolved within the committee as a whole.

The above subject matter was the only subject matter upon which there was a conflict as between persons in the credit granting industry, and persons representing consumer organizations. Even on this point, it might be noted that there was not unanimity among the members of the committee who are involved in the credit granting industry.

It is to be hoped that the fact that there is an area where a difference of opinion exists will not detract from what is far more important;- and that is the very wide area where persons in the credit granting industry and persons representing consumer organizations found common ground.

3. Matters dealt with by the sub-committee consisting of persons representing consumer organizations but not considered by the members of the committee belonging to the credit granting industry.

As explained in the introduction, the following matters were considered by the sub-committee consisting of persons viewing the question from the standpoint of the consumer. Whether these suggestions would find favour within the credit granting industry, has not been ascertained. It is possible, of course, that had consideration been given to these questions, unanimity within the whole committee would have been found with respect to these areas as well.

(a) Exemptions under Garnishment Legislation:

The Sub-committee in question recommended that exemptions allowed under the Garnishment Act of Manitoba be increased to reflect the rising cost of living since the time the exemptions under the Garnishment Act were established. It was further recommended that the exemptions under the Garnishment Act be altered so as to reflect the number of dependants for whom a wage earner is responsible. It was suggested that the amount of the garnishment exemptions should be equal, or more than the amount which a man might obtain if he were to receive welfare payments. If this is not so, then it leaves the wage earner with no inducement to continue on with his employment.

(b) Revision of the Law with respect to seizure of goods:

It was recommended by the sub-committee in question that the Manitoba Laws respecting executions, and seizures under Writs of Execution, and seizures under power of distress, should be altered. The alterations suggested are fundamentally as follows:-

(1) A seizure should not be allowed to take place unless the seizure is done by a public bailiff acting through the offices of the Sheriff of Manitoba.

(2) The list of goods which are exempt from seizure should be increased to reflect more realistically the minimum requirements of an individual, and his family, which minimum requirements should not be taken from him or his family under any circumstances.

(3) A procedure should be established whereby a debtor whose property is in the process of being seized, may object to the seizure, and upon an objection being filed, it will then fall upon the creditor to obtain the authority of a County Court Judge to proceed ahead with the seizure. In applying for leave to proceed with the seizure, before a County Court Judge, a hearing would be held at which time the debtor would be entitled to appear to show cause why the seizure should not be proceeded with, and a County Court Judge would be given a discretionary power to either allow the seizure or proceed, or make such other order as the judge deems proper under the circumstances of the case.

It is to be noted that legislation along these lines presently exists in the Province of Alberta and may well be used as a model for such legislation in Manitoba.

The sub-committee in question was of the view that the main aim of legislation in the field of consumer credit is to prevent improvident transactions. If this be so, then the recommendation for alterations in the law as to seizure of goods, together with the previously mentioned recommendations with respect to the right of repossession under a chattel mortgage or conditional sale contract, and the rights of assignees under chattel mortgages and conditional sales contracts, all point in a common direction. All of these recommendations are directed towards preventing the improvident transactions which are of benefit neither to the vendor nor to the purchaser of goods. Under our existing law, vendors may be prone to enter into such improvident transactions because they have the benefit of concurrent remedies upon default by the purchaser, and an easy and inexpensive method of seizing the goods back from the purchaser if default occurs, with no procedure to protect the purchaser upon the seizure being made. The existing exemptions favour the vendor. Furthermore, the fact that the vendor may sell a conditional sale contract or a chattel mortgage to a purchaser for value and without notice of any defect, reduces the need for the vendor to act carefully. It is therefore suggested that the recommended change to the law as to seizure of goods, together with the previous recommendations, would not deter normal business, but together, they might deter a vendor of goods from entering into a transaction without first insuring that the customer is likely to be able to pay in accordance with the contract.

(c) Government Agency for protection of consumer interests:

As noted earlier in this report it is recommended that the credit granting industry adopt a Code of Ethics. It is further recommended that a procedure of self-policing within the industry be established.

The sub-committee consisting of persons connected with consumer organizations was of the opinion that policing of the credit granting industry must be supplemented by the government. It is envisaged that the required policing could be done through a government agency established under one of the Ministers of the Crown. If the government agency were to find that a company was not adhering to the established Code of Ethics, in spite of self-policing within the industry, then steps would be taken to restrict the activities



of such a company and remove from such a company the right to advertise as a company adhering to the Code of Ethics.

It is suggested however that a government agency established for the purpose of protecting the rights of consumers would have a much broader function than merely supplementing the self-policing done within the industry. Such an agency could be given the task of continuing to suggest alterations in the law for the mutual benefit of consumers and credit grantors, with the view of preventing improvident transactions. It could operate as a continuing agency of public education concerning the entire credit field and could be established as an effective means for the dissemination of information on the proper use of credit. Such an agency could receive complaints from the public at large as to abuses in the credit granting field, and thus could point out to the government of the day, areas where special governmental action is called for to curb abuses.

Needless to say the contemplated agency would have to be established under a Minister of the Crown with an operating budget approved of by the legislature.

(d) Central Registration for Chattel Mortgages and Conditional Sale Contracts:

At the present time if a mortgagee under a Chattel Mortgage wishes to fully protect his rights under the Chattel Mortgage, he must register the Chattel Mortgage in the County Court District where the chattels are located.

It is recommended that legislation should be passed with respect to registration of conditional sale contracts as well as chattel mortgages. It is further suggested that the registration of chattel mortgages and conditional sale contracts should be made at a central registry office, located in the City of Winnipeg, and should no longer be registered through the offices of the County Courts.

All of which is respectfully submitted.

✓ "CHAS. R. HUBAND"  
.....  
✓ Advisor to Premier's Committee on  
Consumer Credit.

Note: The within report has been prepared by the Advisor to the Premier's Committee on Consumer Credit. An attempt has been made to accurately state the consensus of opinion within the Committee as a whole. It is hoped that the report fulfills that objective, but in any attempt to express the views of a large number of persons in a single document, one hundred percent accuracy in expressing the consensus of opinion cannot be guaranteed.



## APPENDIX "A"

### A SUGGESTED GENERAL CODE OF ETHICS FOR ADVERTISING

We hold that advertising has a responsibility to inform and serve the public and to further the economic life of this Province. Believing this, the following principles are hereby affirmed.

1. Truth

Advertising shall tell the truth, and shall reveal material facts, the concealment of which might mislead the public.

2. Responsibility

Advertising agencies and advertisers shall be willing to provide substantiation of claims made.

3. Taste and Decency

Advertising shall be free of statement, illustrations or implications which are offensive to good taste or public decency.

4. Disparagement

Advertising shall offer merchandise or service on its merits, and refrain from attacking competitors or disparaging their products, services or methods of doing business.

5. Bait Advertising

Advertising shall be bona fide and the merchandise or service offered shall be readily available for purchase at the advertised price.

6. Guarantees and Warranties

Advertising of guarantees and warranties shall be explicit. Advertising of any guarantee or warranty shall clearly and conspicuously state its nature and extent, the manner in which the guarantor or warrantor will perform and the identity of the guarantor or warrantor.

7. Price Claims

Advertising shall avoid price or savings claims which are unsupported by facts or which do not offer bona fide bargains or savings.

8. Unprovable Claims

Advertising shall avoid the use of exaggerated or unprovable claims.

9. Testimonials

Advertising containing testimonials shall be limited to those of competent witnesses who are reflecting a real and honest choice.



## APPENDIX "B"

### SUGGESTED CODE OF ETHICS FOR REAL PROPERTY MORTGAGE LENDERS

1. No advertiser may feature in its copy and/or through the layout that it is in the business of lending money, consolidation of debts, or re-financing, when the major business activity of the advertiser is home improvements, sale of merchandise, etc.
2. The local business address of the advertiser must be listed in the advertisement. If the advertiser does not own or lease space where he maintains personnel and equipment, the home-office address of the advertiser must be included in the copy.
3. If the loan is not made directly by the advertiser, and he is acting as an agent, the word "agent", "loan arranged for", or similar wording must be used in the copy.
4. Unless the advertiser is actually the lender, no rates or rate chart showing a repayment schedule may be used because final charges are determined by the lender.
5. If rates are advertised by a lender, advertisement must specify items included, i. e. principal, interest, credit.
6. Advertisers will only offer such mortgage loans as are available and will not attempt to disparage advertised loans.
7. The advertisement must state clearly that a mortgage is taken as security on the loan.
8. Lenders and brokers must furnish customers with a completely itemized schedule of charges for their loan before obtaining signature to binding contract, deed of trust, etc.
9. Lenders and brokers will charge only those rates permissible under the laws of the States of Canada and the Province.
10. The suggested Advertising Code, attached herewith, is recommended as the authority on fair practice standard and definition.





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